

ORIGINAL  
NEW APPLICATION



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Arizona Corporation Commission

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BEFORE THE ARIZONA CORPORATION COMMISSION

2009 AUG -4 A 11: 50

AUG 04 2009

COMMISSIONERS

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AZ CORP COMMISSION  
DOCKET CONTROL

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G-02527A-09-0384

IN THE MATTER OF THE APPLICATION OF ) DOCKET NO. G-02527A-09-\_\_\_\_  
GRAHAM COUNTY UTILITIES, INC. FOR )  
APPROVAL OF A PURCHASED GAS ) APPLICATION FOR NEGATIVE  
ADJUSTOR SURCHARGE ) SURCHARGE

Graham County Utilities ("GCU") hereby respectfully requests that the Arizona Corporation Commission (the "Commission") approve a new Purchase Gas Adjustor ("PGA") surcharge of a negative \$0.16 per therm to be effective November 1, 2009 for its Gas Division. The new PGA surcharge is necessary in order to allow for the recovery of the over-collected PGA bank balance that exists and continues to grow.

**I. THE GCU GAS PGA.**

The GCU PGA was authorized by the Commission to ameliorate the impact of volatile natural gas prices on both the customer and the utility. The GCU PGA was most recently reviewed and a surcharge approved in Decision No. 70564, dated October 23, 2008. GCU is currently required by Decision No. 61225, dated December 14, 1998, to file for a surcharge when its bank balance exceeds a positive or negative \$150,000.

GCU's current base cost of purchased gas is \$.59056 per therm. Its PGA rate as of July 2009 was \$0.24444 per therm. GCU's base cost of gas plus its PGA adjustor is equal to a total of \$0.83500 per therm.

Without the requested PGA surcharge, the PGA over-collected bank balance will grow from approximately \$176,000 to \$987,300 by September 2009. GCU submits that, given the current over-collected PGA bank balance and lower gas prices, the proposed surcharge is necessary and should be approved now. The \$.10 band imposed on GCU's PGA rate also contributes to this over-collection.

## **II. THE NEW PGA SURCHARGE**

### **A. Surcharge Rate.**

The ongoing lower cost of natural gas has resulted in an over-collected PGA bank balance for GCU. The table below shows a significant reduction in GCU's contract prices.

<b>Contract Period</b>	<b>Percent</b>	<b>Price</b>
9/1/200/ - 8/31/2009	20%	\$ 10.98
9/1/200/ - 8/31/2009	20%	\$ 8.94
9/1/200/ - 8/31/2009	10%	\$ 7.835
11/1/2008 – 10/31/2009	20%	\$ 7.40
11/1/2009 – 10/31/2010	50%	\$ 5.72
11/1/2009 – 10/31/2010	20%	\$ 5.20

Consequently GCU is facing a considerable surplus in its recovery of the expected average cost of gas purchased during the summer period.

### **B. Impact of Surcharge on Residential Bills.**

Residential customers of GCU typically use an average 62 therms per month during the winter months (November through March) and 17 therms per month during summer months

1 (April through October). Under the proposed negative PGA surcharge, a negative \$0.16 per  
2 therm surcharge will result in an average decrease of \$9.92 to a monthly residential bill in the  
3 winter and \$2.72 in the summer.

4 **III. CONCLUSION**

5 GCU believes that the negative PGA surcharge requested herein is necessary to refund the  
6 over-collection of gas costs in a timely and reasonable manner, before any additional  
7 accumulation of an over-collected PGA bank balance will require an even greater negative  
8 surcharge and is in the public interest.

9  
10 To the extent it is necessary to extend any time limitations to allow this matter to be heard  
11 as soon as possible, GCU stipulates through the filing that those time limitations may be  
12 extended.

13  
14 Wherefore, for all the foregoing reasons, GCU requests authorization for a new negative  
15 PGA surcharge of \$0.16 per therm until the bank balance reaches zero to allow for the refund of  
16 the over-collected PGA bank balance.

17  
18  
19 RESPECTFULLY SUBMITTED this 4<sup>th</sup> day of August 2009.  
20

21  
22  
23 By \_\_\_\_\_

John Wallace  
Grand Canyon State Electric Cooperative Association  
120 North 44<sup>th</sup> Street, Suite 100  
Phoenix, AZ 85034

1 Original and fifteen (13) copies of  
2 Graham County Utilities' Application  
filed this 4<sup>th</sup> day of August, 2009 with:

3 DOCKET CONTROL

4 Arizona Corporation Commission  
1200 West Washington Street  
5 Phoenix, Arizona 85007

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**GRAHAM COUNTY UTILITIES, INC. - GAS  
PGA SURCHARGE  
JULY 31, 2009**

MONTH	COMMODITY	EL PASO FUEL	TRANSPORTATION	INTEREST	TOTAL	PURCHASES	PER THERM	SALES	CUM COST	CUM SALES	COST		RECOVERED	PGA	SURCHARGE	
											PER THERM	PER THERM			\$ .16 PER THERM	BALANCE
Jul-08	98,373		8,155	118	106,646	94,040	1.13400	92,009	2,370,330	2,920,006	0.81176			0.22124		52,171
Aug-08	57,493		5,683	92	63,268	77,770	0.81350	94,666	2,385,303	2,937,596	0.81199			0.22144		40,085
Sep-08	60,940		5,001	78	66,019	77,840	0.84810	90,770	2,399,595	2,933,418	0.81802			0.32744		32,417
Oct-08	82,701		7,261	86	90,048	118,760	0.75820	110,707	2,405,839	2,944,540	0.81705			0.32654		32,571
Nov-08	200,558		14,945	110	215,613	265,360	0.81250	176,756	2,457,349	2,978,406	0.82506			0.33454		85,922
Dec-08	421,599		33,819	211	455,629	539,960	0.84380	336,681	2,426,884	2,959,071	0.82015			0.32964		232,781
Jan-09	405,294		31,747	123	437,164	497,980	0.87790	578,490	2,397,262	2,913,800	0.82273			0.33214		134,784
Feb-09	278,213		20,258	16	298,487	363,530	0.82110	439,921	2,350,037	2,746,715	0.85558			0.35364		28,455
Mar-09	185,940		10,697	(17)	196,620	207,930	0.94560	280,428	2,294,073	2,658,923	0.86278			0.27224		(33,676)
Apr-09	106,701		5,655	(42)	112,314	150,700	0.74530	195,504	2,261,923	2,654,517	0.85210			0.26154		(105,957)
May-09	68,170		4,896	(51)	73,015	89,070	0.81970	153,855	2,215,059	2,652,644	0.83504			0.24444		(165,688)
Jun-09	61,455		4,511	(56)	65,910	83,200	0.79220	101,280	2,180,733	2,651,067	0.82259			0.23203		(186,079)
Jul-09	66,764	861	4,900	(56)	72,468	94,040	0.77061	92,009	2,146,555	2,651,067	0.80969		74,499	0.21913		(188,110)
Aug-09	55,213	889	4,590	(61)	60,631	77,770	0.77962	94,666	2,143,918	2,651,067	0.80870		76,556	0.21814		(204,035)
Sep-09	34,829	921	3,796	(71)	39,475	77,840	0.50713	90,770	2,117,373	2,651,067	0.79869		72,497	0.20813		(237,058)
Oct-09	55,466	742	3,799	(79)	59,927	118,760	0.50461	110,707	2,087,253	2,651,067	0.78733		87,162	0.19677		(264,292)
Nov-09	140,930	1,604	5,794	(65)	148,263	265,360	0.58267	336,681	1,878,894	2,651,067	0.70873		134,674	0.17136		(282,281)
Dec-09	297,945	3,754	12,947	(25)	314,620	539,960	0.62961	578,490	1,755,265	2,651,067	0.66210		250,558	0.15364		(53,869)
Jan-10	279,023	8,192	26,345	(26)	313,534	497,980	0.62961	578,490	1,755,265	2,651,067	0.66210		430,512	0.15364		(92,558)
Feb-10	204,028	9,024	24,064	(32)	237,090	363,530	0.65219	439,921	1,693,868	2,651,067	0.63894		327,389	0.15364		(70,387)
Mar-10	116,356	4,720	17,636	(32)	138,680	207,930	0.66696	280,428	1,635,928	2,651,067	0.61708		213,910	0.17224		(44,868)
Apr-10	84,036	3,587	9,078	(35)	96,666	150,700	0.64145	195,504	1,620,280	2,651,067	0.61118		147,039	0.16154		(31,281)
May-10	49,821	1,976	4,727	(43)	56,481	89,070	0.63411	153,855	1,603,746	2,651,067	0.60494		113,083	0.14444		(24,617)
Jun-10	46,780	1,602	4,190	(43)	52,529	83,200	0.63136	101,280	1,590,365	2,651,067	0.59990		73,184	0.13203		(16,205)
Jul-10	53,219	1,050	4,032	(40)	58,261	94,040	0.61953	92,009	1,576,157	2,651,067	0.59454		65,298	0.11913		(14,721)
Aug-10	44,226	1,805	4,900	(39)	50,892	77,770	0.65439	94,666	1,566,418	2,651,067	0.59086		67,090	0.11814		(15,147)
Sep-10	44,411	1,884	4,590	(37)	50,847	77,840	0.65323	90,770	1,577,791	2,651,067	0.59515		63,420	0.10813		(14,523)
Oct-10	68,149	1,507	3,796	(31)	73,421	118,760	0.61823	110,707	1,591,284	2,651,067	0.60024		76,092	0.09677		(17,713)
Nov-10	152,274	1,140	3,799	(9)	157,204	265,360	0.59242	176,756	1,600,225	2,651,067	0.60362		117,154	0.07224		(28,281)
Dec-10	309,851	2,090	5,794	40	317,774	539,960	0.58851	336,681	1,603,379	2,651,067	0.60481		223,152	0.07224		(53,869)
Jan-11	285,761	4,265	12,947	50	303,023	497,980	0.60851	578,490	1,592,868	2,651,067	0.60084		383,423	0.07224		(92,558)